



Consumer & Governmental Affairs Bureau

[FCC](#) > [CGB Home](#) > [Consumer Info Directory](#) > [Charges on Phone Bill](#)

CHARGES ON YOUR PHONE BILL

Background

Many consumers do not understand the various charges and items on their monthly phone bills. Here's a quick reference that describes some of these charges:

- **911** – This charge is imposed by local governments to help pay for emergency services such as fire and rescue.
- **Federal Excise Tax** – This is a three percent tax mandated by the federal government (not the Federal Communications Commission (FCC)). It is imposed on all telecommunications services, including local, long distance and wireless bills.
- **(Federal) Subscriber Line Charge** – This was instituted after the break-up of AT&T in 1984 to cover the costs of the local phone network. This charge may appear as "FCC Charge for Network Access," "Federal Line Cost Charge," "Interstate Access Charge," "Federal Access Charge," "Interstate Single Line Charge," "Customer Line Charge" or "FCC-Approved Customer Line Charge." The FCC caps the maximum price that a company may charge for this. **This is not a government charge or tax**, and it does not end up in the government's treasury.
- **Local Number Portability Charge (LNP)** – The FCC allows local telephone companies to recover certain costs for providing "telephone number portability" to its customers. This charge provides residential and business telephone customers with the ability to retain, at the same location, their existing local telephone numbers when switching from one local telephone service provider to another. This is a fixed, monthly charge. Local telephone companies may continue to assess this charge on their customers' telephone bills for five years from the date the local telephone company first began itemizing the charge on the bill. This is **not a tax**.
- **State & Local Municipal Tax** – This charge is imposed by state, local and municipal governments on goods and services. It may also appear as a "gross receipts" tax in some states.
- **(State) Subscriber Line Charge** – This charge is mandated by some states' public service or utility commissions to compensate the local phone company for part of the cost of providing local telephone lines associated with state services, i.e., intrastate long distance and local exchange services.

- **Telecommunications Relay Services Charge** – This state charge helps to pay for the relay center which transmits and translates calls for hearing-impaired and speech-impaired people.

Other Charges

- **Universal Service Fund (USF)** (Also called the **Universal Connectivity Fee**) - Because telephones provide a vital link to emergency services, to government services and to surrounding communities, it has been our nation's policy to promote telephone service to all households since this service began in the 1930s. The USF helps to make phone service affordable and available to all Americans, including consumers with low incomes, those living in areas where the costs of providing telephone service is high, schools and libraries and rural health care providers. Congress has mandated that all telephone companies providing interstate service must contribute to the USF. Although not required to do so by the government, many carriers choose to pass their contribution costs on to their customers in the form of a line item, often called the "Federal Universal Service Fee" or "Universal Connectivity Fee."

FCC's Efforts to Help Consumers Understand Bills

To ensure that telephone bills give consumers the essential information they need to protect themselves from fraud and to make informed choices, the FCC has issued the following rules and guidelines that phone companies must follow when creating their phone bills. The bills must:

- Be clearly organized;
- Identify the service provider associated with each charge;
- Highlight any new providers and indicate the date the change was made;
- Contain full and non-misleading descriptions of charges;
- Identify those charges for which failure to pay will **not** result in the disconnection of a customer's basic, local service;
- Provide a toll-free number for customers to call for customer service in order to lodge a complaint or to obtain information. If the customer does not receive a paper telephone bill, but receives a bill by e-mail or over the Internet, the telephone company may provide the customer with an e-mail address or Web site to inquire about charges; and
- Use standardized labels when referring to certain line item charges relating to federal regulatory action, such as "local number portability" and subscriber line charges.

To receive information on this and other FCC consumer topics through the Commission's electronic subscriber service, click on www.fcc.gov/cgb/emailservice.html.



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